

Message Text

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PAGE 01 OTTAWA 03427 102237Z
ACTION COME-00

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E.O. 11652: N/A
TAGS: BDIS, CA
SUBJECT: CONGRESSIONAL INTEREST ON BEHALF MICHIGAN RABBIT
BREEDERS

REF: OTTAWA 2749

1. R. BELLIVEAU, ACTING DIRECTOR, U.S. GENERAL RELATIONS
DIVISION, DEPARTMENT OF EXTERNAL AFFAIRS, HAS JUST
REPLIED TO EMBASSY'S MAY 11 LETTER TO THAT DEPARTMENT'S
DIRECTOR FOR FEDERAL-PROVINCIAL COORDINATION
CONFIRMING INFORMATION REFTEL AND SUGGESTING ONLY RECOURSE
FOR MICHIGAN BREEDERS IS TO TAKE PRIVATE LEGAL ACTION.

2. FOLLOWING IS TEXT OF EXTAFF JULY 10 REPLY. BEGIN
QUOTE.

WE HAVE BEEN ASKED TO LOOK INTO THE MATTER RAISED IN
YOUR LETTER OF MAY 11, 1978 TO MR. R. MITCHELL REGARDING
DEBTS INCURRED BY GRAVESAND FARM. UNFORTUNATELY, AS THIS
IS A PRIVATE BUSINESS MATTER, THERE APPEARS TO BE NOTHING
THAT WE CAN DO TO HELP RECOVER THE LOSSES INCURRED BY
THE MICHIGAN RABBIT BREEDERS WHEN GRAVESAND FARM CEASED
ACTIVE BUSINESS OPERATIONS.

GRAVESAND OWES 90,000 CAN. DOLLARS TO SECURED CREDITORS
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AND OVER 260,000 CAN. DOLLARS TO UNSECURED CREDITORS. TO
DATE, THE FEDERAL BUSINESS DEVELOPMENT BANK HAS NOT BEEN
SUCCESSFUL IN SELLING THE LAND, BUILDINGS AND EQUIPMENT TO
SATISFY ITS OWN CLAIM OF APPROXIMATELY 60,000 CAN. DOLLARS.
WE ARE INFORMED THAT THE ONLY OTHER GOVERNMENTAL SUPPORT
WAS A 35,000 CAN DOLLARS PERFORMANCE LOAN MADE UNDER THE
AGRICULTURAL REHABILITATION AND DEVELOPMENT ACT. THE LOAN,

WHICH WAS SECURED BY A SECOND MORTGAGE, WAS TO HAVE BEEN WRITTEN OFF HAD GRAVESAND REMAINED IN BUSINESS FOR SIX YEARS. AS THE COMPANY FAILED AFTER ONE YEAR, ARDA IS SECOND IN LINE AFTER FBDB TO RECOVER ITS LOSS. IN THE CIRCUMSTANCES, THERE SEEMS LITTLE LIKELIHOOD THAT UNSECURED CREDITORS, SUCH AS THE MICHIGAN RABBIT BREEDERS, WILL BE ABLE TO RECOVER THEIR LOSSES.

THE ONLY RECOURSE FOR THE MICHIGAN BREEDERS IS TO TAKE PRIVATE LEGAL ACTION. END QUOTE.

3. PLEASE INFORM OFFICE SENATOR DONALD W. RIEGLE, JR.
ENDERS

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